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ASCS

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Fact Sheet

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USAT

RICE

Summary of 1991 Support Program
and Related Information

United States
Department of
Agriculture

Agricultural
Stabilization and
Conservation
Service

September 1991

**LEGISLATIVE
AUTHORITY**

The Agricultural Act of 1949, as amended.

**ACREAGE
REDUCTION
PROGRAM (ARP)**

A 5 percent acreage limitation program has been announced for the 1991 crop. To be eligible for income and price support payments, farmers must limit 1991 rice plantings to no more than 95 percent of the farm's rice base. Acreage equal to 5 percent of the planted acreage must be devoted to approved conservation uses (referred to as Acreage Conservation Reserve (ACR) acres.) No paid land diversion program was offered for the 1991-crop rice.

Producers must reduce their established crop acreage base by 15 percent to be eligible for loans, purchases, and payments for the 1991 rice crop. An acreage equal to 15 percent of the base acreage must be maintained in approved conservation uses, referred to as Acreage Conservation Reserve (ACR).

**ACREAGE
CONSERVATION
RESERVE (ACR)**

Land designated as ACR must have been devoted to small grain or row crops or other annually planted crops in one of the last 5 years. Land chosen for ACR must also meet some size and width requirements. Acreage designated as ACR under a previous production adjustment program is considered planted in the year designated.

The ACR acreage must be protected from wind, weeds, and water erosion throughout the year. At least half of the ACR acreage must be planted in an annual or perennial cover, but not to exceed 5 percent of the crop acreage base. This cover requirement does not apply in arid areas, including summer fallow areas. Cost-sharing is available to plant a perennial cover that must be maintained for 3 years.

**MAXIMUM
PAYMENT
ACREAGE**

The maximum acreage for deficiency payments for 1991-crop rice will be 85 percent of the established crop acreage base less the acreage which is required to be devoted to approved conservation uses under an acreage reduction program. The 15 percent nonpayment acreage is known as "normal flex acres," described below.

**PLANTING
FLEXIBILITY**

Producers may plant certain other crops on up to 25 percent of any participating rice crop acreage base. This acreage is known as "flex" acreage, and the plantings can be credited as "considered planted" to rice.

NORMAL AND OPTIONAL FLEX

The first 15 percent of the flex acreage will be known as "normal flex acreage" (NFA) and the other 10 percent will be known as "optional flex acreage" (OFA).

Normal Flex Acres are not eligible for deficiency payments, whether or not they are planted to rice, or "flexed" to another crop. Nevertheless, program crops or oilseeds planted on NFA are eligible for price support loans.

If **Optional Flex Acres** are planted to rice, they are eligible for deficiency payments. If they are "flexed" to another crop, they are not eligible for deficiency payments. However, other program crops or oilseeds planted on OFA are eligible for price support loans.

FLEX CROPS

All crops may be harvested on flex acreage except:

- fruits and vegetables (not including adzuki, faba and lupin beans), and
- peanuts, tobacco, wild rice, trees and nuts.

TARGET PRICE

The 1991 established "target" price is \$10.71 per cwt.

DEFICIENCY PAYMENTS

If the market price received by farmers during the first five months of the marketing year (August through December) is at or above the target price, no deficiency payments will be made. If the average price is below the target price, eligible producers will receive payments at a rate equal to the difference between the target price and the higher of the loan level or the average market price.

ADVANCE DEFICIENCY PAYMENTS

Advance deficiency payments based on 40 percent of the projected deficiency payment rate of \$3.76 per cwt. (\$1.504) are available to producers enrolled in the 1991 program. The advance will be paid in cash at signup and will be limited to the producer's intended program acreage.

Final deficiency payments will be made starting in February 1992. Any advances received will be deducted from the total payment due. Producers who accept advance payments, but who later do not comply with program provisions, must immediately refund the advance with interest.

50/92 PROVISION AND PAYMENT ACREAGE

Deficiency payments are available on the lower of the acreage actually planted to rice or the maximum payment acreage (MPA). However, growers who plant less than their MPA may receive deficiency payments on a portion of their underplanted acreage.

If growers plant between 50 and 92 percent of their MPA to rice and devote the remaining acres of their MPA to a conserving use (CU), they will be eligible to receive deficiency payments on 92 percent of the MPA.

APPROVED NON-PROGRAM CROPS

Dry peas and lentils may be planted on up to 20 percent of the crop acreage base and receive considered planted credit. No deficiency payments will be paid on acreage devoted to these crops.

HAYING/GRAZING

Grazing of ACR and CU acreage of the 50/92 provision will be permitted except during 5 consecutive months of the 7-month period between April 1 and October 31 as designated by the State Agricultural Stabilization and Conservation Committee.

On normal and optional flex acres, haying and grazing is permitted year round. Haying and grazing of Conservation Reserve Program acreage is prohibited.

LOAN RATE

The 1991 loan and purchase rate is \$6.50 per cwt. Loan rates for individual lots of rice are based on the class, milling yield, and quality of the rice. The whole kernel loan rates per pound are 10.74 cents for long grain and 9.74 cents for medium and short grain. The broken kernel rate is 5.37 cents. National average farm stored loan rates will be \$6.65 per cwt. for long grain rice, \$6.11 per cwt. for medium grain rice, and \$6.07 per cwt. for short grain rice. Individual farm stored loan rates will be established by State for each class of rice. Loans are available from harvest time through May 31, 1992. Loans mature on demand but not later than the last day of the ninth calendar month following the month in which the loan application was made.

Producers who pledge 1991 crop rice as collateral for a price support loan will not be permitted to purchase marketing certificates when repaying loans at a reduced rate.

LOAN REPAYMENT RATE

Loans made under the 1991-crop program may be repaid any time during the term of the loan. For 1991, the loan repayment rate is equal to the lesser of the loan rate or the higher of 1) 70 percent of the loan rate, or 2) the world price in effect for the week in which the loan redemption occurs, adjusted for quality and location.

LOAN GAIN PAYMENTS

Eligible rice producers who forgo receiving price support loans may receive a cash payment equal to the gain which might be realized by repaying a price support loan. The gain is the difference between the loan rate and the prevailing world market price.

Under this option, producers may elect to apply for a loan deficiency payment during the loan availability period on a quantity of rice not to exceed their program payment acreage times their program payment

yield. Additional production from a farm may be pledged as collateral for a farm or warehouse-stored price support loan.

Producers have the option of pledging all eligible rice production as loan collateral and receiving their full marketing loan gain, if any, by repaying their loan at the prevailing world market price.

WORLD PRICE

The Secretary of Agriculture announces the world price of rice based on a published formula. The world price is based on prices at which foreign-origin rice is being sold in world markets. Such prices are adjusted to U.S. quality and location and are calculated to a loan rate basis, that is, separately for long, medium, and short whole milled kernels and for broken milled kernels. Producers multiply the announced prices by the milling outturns of their rice to determine its world price.

MARKETING CERTIFICATES

Generic commodity certificates will be made available to producers and eligible cooperatives selling rice or repaying price support loans if such transactions occur when the prevailing world price for the rice is below the current loan repayment rate. The certificates' value will equal the difference between the loan repayment rate for the eligible rice and the world market price multiplied by the quantity of eligible rice sold or redeemed. Application for certificates must generally be made within 30 days from the date the loan was repaid or, for rice not pledged as loan collateral, from the day the rice was sold.

CROP ACREAGE BASES

The 1991 acreage base for a farm is the average of the acres planted and considered planted (P and CP) during the previous three years (1988-1990) with no adjustment for zero P and CP. However, if a producer on a farm planted rice for the first time in 1989 or 1990, and did not participate in the 1990 ARP, the 1991 base equals the average of the 1989 and 1990 P and CP acreage. On farms that have been following a definite crop rotation program, the acreage base reflects rotations.

NON- PARTICIPATING CERTIFICATION

Producers who choose not to participate in any annual program for program crops will have a "zero certification" option that allows them to have their entire program crop acreage base considered as planted for base retention purposes. To qualify, they must certify that no acreage on the farm was planted to the program crop and that any fruit or vegetable planted on the farm was not in excess of normal plantings.

CROSS COMPLIANCE

Limited cross compliance is not in effect for the 1991 rice crop.

OFFSETTING COMPLIANCE

Offsetting compliance requirements will not apply. Program payment or loan eligibility for a commodity on a farm will not be affected by actions taken with respect to that commodity on another farm.

**FARM PROGRAM
PAYMENT YIELD**

The 1991 farm program payment yield is the average of the program payment yields for the 1981-1985 crops, excluding the years with the highest and lowest yields. However, any producer whose 1991 program yield is reduced below 90 percent of the 1985 program yield will receive deficiency payments sufficient to guarantee a return equal to 90 percent of the 1985 program yield.

PAYMENT LIMITATION

The basic limitation for deficiency and diversion payments is limited to \$50,000 per person. Other payments for benefits such as that portion of deficiency payment attributable to a reduction in the statutory loan rate ("Findley" payment), loan deficiency payments and gains from marketing loans (except honey) are limited to an additional \$75,000 per person. The total payment limitation is \$250,000 per person.

May 1, 1991, is the date for determining the status of individuals or entities in applying the 1991 maximum payment limitation requirement.

Producers whose deficiency payments are estimated to be reduced by the payment limitation are eligible to have their required ACR acres decreased in proportion to the reduction in payments. The reduced ACR acres can then be planted to an alternative crop.

**DIVISION OF
PAYMENTS**

Payments must be divided as the crops or proceeds are divided (or would have been divided if the crops had been produced).

**BINDING
CONTRACTS**

Contracts signed by program participants are binding and provide for liquidated damages for failure to comply with program requirements.

**DISASTER
PAYMENTS**

Disaster payments may be made only to producers for whom Federal crop insurance is not available. However, at the Secretary's discretion, disaster payments could be made if losses create an economic emergency too serious to be relieved by crop insurance or other Federal aid.

**WETLAND
CONSERVATION
PROVISIONS**

Any person who plants an agricultural commodity on wetland converted after December 23, 1985, will be ineligible for U.S. Department of Agriculture (USDA) program benefits for that year. Any person who converts a wetland after November 28, 1990, will be ineligible for USDA benefits for that year and subsequent years until the wetland is restored.

**HIGHLY ERODIBLE
LAND
CONSERVATION
PROVISIONS**

The later of January 1, 1990, or 2 years after the Soil Conservation Service (SCS) completes soil survey mapping for an area, to be eligible for USDA benefits, all producers must have an approved conservation plan before planting an agricultural commodity on highly erodible land. Producers with approved conservation plans must be actively applying the conservation system contained in the plan.

Beginning January 1, 1985, all conservation systems must be fully applied on highly erodible land for a producer to earn program benefits. Those producers who have not fully applied their conservation system as of January 1, 1995, will remain ineligible for USDA program participation until SCS certifies that the conservation system is fully applied

This Program or Activity Will be Conducted on a Nondiscriminatory Basis Without Regard to Race, Color, Religion, National Origin, Age, Sex, Marital Status, Disability, Personal Sponsorship or Political Affiliation.

Rice - Production, Supply, Use, Price and Income Measures - 1980 - 1991

Unit	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
PROGRAM PROVISIONS												
ARP/CLD	--	--	15	15/5/30	25	20/15	35	35	25	25	20	5
Allotment/Base	1800	1800	3969	3946	4160	4234	4249	4183	4155	4168	4154	4185
Participation Rate	--	--	78	99	85	90	94	96	94	94	95	92
Comply Base/Pay Acres	--	--	3093/2379	3857/1893	3517/2402	3814/2214	3978/2501	3998/2520	3918/2858	3906/2818	3890/2992	3808/2941
ACR & CU	--	--	422	547	785	682	1479	1566	1088	1184	1034	--
Diverted/PIK	--	--	--	192/1000	--	559	--	--	--	--	--	--
ACREAGE/YIELD												
Planted Acres	3380	3827	3285	2190	2830	2512	2381	2356	2933	2731	2887	2870
Harvested Acres	3312	3792	3262	2169	2802	2492	2360	2333	2900	2867	2813	2831
Harvested Yield	4413	4819	4710	4598	4954	5414	5651	5555	5514	5749	5507	5563
Program Yield	4586	4589	4825	4889	5000	5036	4713	4680	4859	4884	4849	4814
SUPPLY/USE												
Beginning Stocks	25.7	16.5	49.0	71.5	46.9	64.7	77.3	51.4	31.4	26.7	26.3	26.2
Production	146.2	182.7	153.6	98.7	138.8	134.9	133.4	129.6	159.9	154.5	154.9	157.5
Imports	--	.4	.7	.9	1.6	2.2	2.6	3.0	3.7	4.2	4.8	5.5
Total Supply	172.1	199.6	203.3	172.1	187.3	201.8	213.3	184.0	195.0	185.4	186.0	189.2
UTILIZATION												
Food	38.4	42.5	37.3	33.2	35.8	45.6	51.3	55.3	57.7	60.9	65.0	
Seed	5.1	4.4	3.2	3.3	2.8	2.6	2.6	3.2	3.0	3.2	3.2	
Brewers	11.0	12.7	13.5	12.8	13.9	14.1	14.8	15.3	15.6	15.3	15.6	
Total Domestic	54.5	59.6	54.0	49.3	52.5	62.3	68.7	73.9	76.3	79.4	83.8	88.0
PL-480	9.5	6.1	16.7	13.5	13.1	13.8	19.7	16.8	17.5	12.1	15.0	14.0
Commercial	81.9	75.9	52.2	56.8	49.0	44.9	64.5	55.4	68.4	64.7	56.0	56.0
Total Exports	81.4	82.0	68.9	70.3	62.1	58.7	84.2	72.2	85.9	76.8	71.0	70.0
Residual	9.7	9.0	8.9	5.6	8.0	3.5	8.0	6.5	6.0	3.0	5.0	5.0
Total Disappearance	155.6	150.6	131.8	125.2	122.6	124.5	161.9	152.6	166.2	159.2	159.8	163.0
ENDING STOCKS												
CCC Inventory	16.5	49.0	71.5	46.9	64.7	77.3	51.4	31.4	26.7	26.3	26.2	26.2
Free	--	17.5	22.3	25.0	44.3	43.6	9.1	0.0	0.0	0.0	0.0	0.0
Free Stock/Use	16.5	31.5	49.2	21.9	20.4	33.7	42.3	31.4	26.7	26.3	26.2	26.2
Percent	10.6	20.9	37.3	17.5	16.6	27.1	26.1	20.6	15.9	16.5	16.4	16.1
PRICES												
Target Price	9.49	10.68	10.85	11.40	11.90	11.90	11.90	11.66	11.15	10.80	10.71	10.71
Loan Rate	7.12	8.01	8.14	8.14	8.00	8.00	7.20	8.84	8.63	8.50	6.50	6.50
Season/Farm Price	12.80	9.05	7.91	8.57	8.04	6.53	3.75	7.27	6.83	7.35	6.50/7.00	6.00/8.00
5-month Price	11.30	10.40	7.69	8.63	8.14	7.73	3.87	5.71	6.84	7.24	6.25	--
Deficiency/CLD Rate	--	.28	2.71	2.77/2.70	3.76	3.90/3.50	4.70	4.82	4.31	3.56	4.21	--
World Price	--	--	--	--	--	3.16	3.94	5.79	6.21	5.71	5.08	--
INCOME FACTORS												
Production Mkt. Value	1673	1654	1246	876	1119	881	500	942	1082	1136	1046	1103
Deficiency Payments	--	22	267	233	380	375	495	545	557	457	555	502
Mkt. Loan/Certif.	--	--	--	--	--	287	388	200	62	167	213	147
Diversion/PIK	--	--	--	23.362	--	93	--	--	--	--	--	--
Disaster Payments	2	--	--	--	--	--	--	--	--	--	--	--
Total Income	1675	1676	1513	1494	1499	1636	1383	1667	1711	1760	1814	1752
MILLING RATE	73.0	72.1	71.0	71.1	69.6	70.8	71.2	69.9	71.5	73.0	70.0	--

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